

FREE CONFERENCE COMMITTEE REPORT

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The Free Conference Committee on **HB 203** has met as provided in the Rules of the House and Senate and hereby reports the following to be adopted:

_____ GA X SCS _____ HCS

For the above-referenced bill, with these amendments (if applicable):

Committee (list by chamber and number): _____;

Floor (list by chamber and number): _____; and

The following Free Conference Committee action:

Beginning on page 1, after line 5, delete all language in its entirety and insert in lieu thereof the following:

"➔Section 1. The Judicial Branch Budget is as follows:

PART I

OPERATING BUDGET

(1) Funds Appropriations: There is appropriated out of the General Fund, Restricted Funds accounts, or Federal Funds accounts for the fiscal year beginning July 1, 2018, and ending June 30, 2019, and for the fiscal year beginning July 1, 2019, and ending June 30, 2020, the following sums to be used for the purposes of the Judicial Branch of the government of the Commonwealth of Kentucky, including the Supreme Court, Court of Appeals, Circuit Court, Family Court, District Court, the Administrative Office of the Courts, Judicial Retirement, Local Facilities Fund, Local Facilities Use Allowance Contingency Fund, and for services performed by the Circuit Court Clerks' offices, including both Circuit and District Court support.

A. JUDICIAL BRANCH

Budget Units

1. Court of Justice

1 **a. Court Operations and Administration**

	2018-19	2019-20
3 General Fund	266,233,000	269,709,200
4 Restricted Funds	35,143,600	35,204,700
5 Federal Funds	1,982,700	1,369,200
6 TOTAL	303,359,300	306,283,100

7 **(1) Defined Calculations:** Included in the above General Fund appropriation is
 8 \$20,908,500 in fiscal year 2018-2019 and \$23,242,600 in fiscal year 2019-2020 to provide funds
 9 for the increase in the employer cost of health and life insurance and the employer cost of
 10 retirement.

11 **(2) Funds Carry Forward:** Notwithstanding KRS 45.229, any unexpended balance
 12 remaining at the close of fiscal year 2017-2018 shall not lapse and shall continue into fiscal year
 13 2018-2019, and any unexpended balance remaining at the close of fiscal year 2018-2019 shall not
 14 lapse and shall continue into fiscal year 2019-2020.

15 **(3) Civil Filing Fees:** Pursuant to its authority, if the Supreme Court retains the increase
 16 in civil filing fees that was effective in 2008, the additional income resulting from the fee
 17 increases, not to exceed \$5,000,000 in each fiscal year of the biennium, shall be deposited into a
 18 trust and agency account for court operations. Any revenue generated by these increases in excess
 19 of the \$5,000,000 in each fiscal year of the biennium shall be deposited into the General Fund.

20 **(4) Civil Filing Fees - Non-Elected Personnel:** Pursuant to its authority, if the Supreme
 21 Court increases civil filing fees above what was effective in 2008, the additional income resulting
 22 from the fee increases, not to exceed \$10,468,100 in each fiscal year of the biennium, shall be
 23 deposited into a trust and agency account for salary increases to non-elected personnel. Any
 24 revenue generated by these increases in excess of \$10,468,100 in each fiscal year of the biennium
 25 shall be deposited to the credit of the General Fund.

26 **(5) Night Court in Jefferson County:** The Administrative Office of the Courts shall
 27 continue the operations and current schedule of night court in Okolona and Middletown in

1 Jefferson County in fiscal year 2018-2019 and fiscal year 2019-2020.

2 **(6) County Employees Retirement System Excess Savings:** If General Fund-required
 3 retirement contributions to the County Employees Retirement System are below \$14,499,300 in
 4 fiscal year 2018-2019 and \$14,891,800 in fiscal year 2019-2020, those savings shall fund salary
 5 increases for elected officials not to exceed 2.5 percent in fiscal year 2018-2019 and 2.5 percent
 6 in fiscal year 2019-2020. Any additional savings realized under this section shall be used for non-
 7 elected personnel salary increases.

8 **(7) Circuit Clerk Expense Allowance:** Notwithstanding KRS 64.058, each Circuit
 9 Clerk shall receive an expense allowance of \$2,400 annually, at the rate of \$200 per month, in
 10 the 2018-2020 fiscal biennium.

11 **b. Local Facilities Fund**

	2018-19	2019-20
13 General Fund	109,097,700	109,097,700

14 **(1) Local Court Facility Compensation:** Included in the above General Fund
 15 appropriation are moneys to compensate local units of government for providing court space and
 16 for costs incurred in the development of local court facilities as defined in KRS Chapter 26A and
 17 provided in Part II of this Act, and to perform all other acts required or authorized by KRS
 18 Chapter 26A.

19 **(2) Funds Carry Forward:** Notwithstanding KRS 45.229, any unexpended balance
 20 remaining at the close of fiscal year 2017-2018 shall not lapse and shall continue into fiscal year
 21 2018-2019, and any unexpended balance remaining at the close of fiscal year 2018-2019 shall not
 22 lapse and shall be continued into fiscal year 2019-2020.

23 **(3) Madison County Lease:** Included in the above General Fund appropriation is
 24 \$800,000 in each fiscal year to allow the Administrative Office of the Courts to enter into a lease
 25 for office space as needed for Madison County Circuit Court and to provide necessary
 26 furnishings, infrastructure, and security equipment.

27 **c. Local Facilities Use Allowance Contingency Fund**

1		2018-19	2019-20
2	General Fund	-0-	-0-

3 **(1) Funds Carry Forward:** Notwithstanding KRS 45.229, any unexpended balance
4 remaining at the close of fiscal year 2017-2018 shall not lapse and shall continue into fiscal year
5 2018-2019, and any unexpended balance remaining at the close of fiscal year 2018-2019 shall not
6 lapse and shall continue into fiscal year 2019-2020 to provide for cost overruns in authorized
7 court facilities projects not to exceed 15 percent of the use allowance in accordance with KRS
8 Chapter 26A.

9 **TOTAL - Court of Justice**

10		2018-19	2019-20
11	General Fund	375,330,700	378,806,900
12	Restricted Funds	35,143,600	35,204,700
13	Federal Funds	1,982,700	1,369,200
14	TOTAL	412,457,000	415,380,800

15 **2. Judicial Retirement System**

16		2018-19	2019-20
17	General Fund	9,566,400	9,570,800

18 **(1) Judicial Retirement Benefits:** General Fund amounts are included to provide
19 actuarial-assessed judicial retirement benefits pursuant to KRS 21.345 to 21.580.

20 **(2) Pension Benefit Increase:** Notwithstanding KRS 21.405(5), no pension benefit
21 increase shall be granted to recipients of a retirement allowance under KRS 21.345 to 21.580 on
22 July 1, 2018, or July 1, 2019.

23 **(3) Administrative Expenses:** Pursuant to KRS 21.540, administrative expenses shall be
24 paid out of an administrative account which shall be funded by transfers of the necessary moneys,
25 in appropriate ratio, from the funds provided for in KRS 21.550 and 21.560.

26 **TOTAL - JUDICIAL BRANCH**

27		2018-19	2019-20
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1	General Fund	384,897,100	388,377,700
2	Restricted Funds	35,143,600	35,204,700
3	Federal Funds	1,982,700	1,369,200
4	TOTAL	422,023,400	424,951,600

PART II

CAPITAL PROJECTS BUDGET

7 **(1) Authorization of Capital Projects:** It is the intent of the General Assembly that any
 8 capital project proposed by any state government entity, including the agencies and subdivisions
 9 of the Court of Justice, shall be authorized by the General Assembly prior to the project’s
 10 financing and construction, in accordance with KRS 7A.010, 7A.120, 45.750, 45.760, 45.763,
 11 45.765, and 48.110. Pursuant to KRS 45.760(1), the amount allotted, from all sources, for
 12 expenditure on any capital project, including leases as defined by KRS 45.750, shall not exceed
 13 the estimated cost as shown in this Act.

14 **(2) Capital Projects and Bond Oversight Committee:** Capital construction projects
 15 and major items of equipment that are not specifically listed in this Act may be authorized only
 16 after submission of the project to the Capital Projects and Bond Oversight Committee and in
 17 accordance with the other requirements of KRS 45.760(7). Moneys may be transferred to the
 18 allotment account of any capital project only after submission of the project to the Capital
 19 Projects and Bond Oversight Committee and in accordance with the other requirements of KRS
 20 45.760(6). As required by KRS 45.760, all capital construction items authorized in this Act shall
 21 be constructed in accordance with this Act, supporting documentation considered by the General
 22 Assembly, and Judicial Branch budget records. Any modifications to the scope of a capital
 23 construction project or to a lease shall be reported to the Capital Projects and Bond Oversight
 24 Committee before execution.

25 **(3) Local Facilities Use Allowance Contingency Fund:** For any court facility project
 26 which is occupied and use allowance funding is insufficient, the use allowance payments shall be
 27 approved from the Local Facilities Use Allowance Contingency Fund. If funds are not available

1 in the Local Facilities Use Allowance Contingency Fund, the Chief Justice may transfer funds
 2 from other Judicial Branch accounts in accordance with Part III, General Provisions, Section 6. of
 3 this Act to make the necessary payments.

4 **(4) Deferred Funding:** General Fund support to provide operating costs totaling
 5 \$680,800, annualized use allowance payments totaling \$2,345,700, and nonrecurring furniture
 6 and equipment costs of \$2,000,000 for Bath and Oldham Counties is deferred to the 2020-2022
 7 fiscal biennium.

8 **(5) Court Facility Planning Process:** The county shall require the Project Development
 9 Board to hire a certified architect not otherwise involved with the project to conduct an
 10 independent feasibility study to determine whether the needs of the community and the Court of
 11 Justice can best be met through the construction of a freestanding building, or through an
 12 addition and/or renovation of the existing court facility. The cost for this study shall be an
 13 accepted and approved portion of the planning process, and shall be eligible for reimbursement
 14 from the bond proceeds.

15 **(6) Jefferson County:** General Fund support of \$226,000 is contained in the Local
 16 Facilities Fund budget in each fiscal year for use allowance payments.

17 **A. JUDICIAL BRANCH**

18 Budget Units	2018-19	2019-20
19 1. Local Facilities Fund		
20 001. Construction - Bath County		
21 Other Funds	9,315,000	-0-
22 002. Renovation/Addition - Oldham County		
23 Other Funds	22,800,000	-0-
24 003. Renovation - Jefferson County Hall of Justice		
25 Other Funds	2,590,000	-0-
26 2. Lease Authorizations		
27 001. Franklin County - Lease - Court of Appeals		

1 support any activity, program, or operation of the budget unit or program receiving the respective
2 funds.

3 **7. Appropriations Revisions:** Proposed revisions to General Fund, Restricted Funds,
4 and Federal Funds appropriations in this Act shall be made and reported pursuant to KRS
5 48.630(10). The Director of the Administrative Office of the Courts shall notify on a timely basis
6 the Legislative Research Commission of the most current estimates of anticipated receipts for the
7 affected fiscal year and an accompanying statement which explains variations from the
8 anticipated amount.

9 **8. Maximum Salary of Trial Commissioners:** Pursuant to KRS 24A.100(3), no trial
10 commissioner shall be compensated at a rate greater than \$7,200. No funding is provided for trial
11 commissioners commissioned in counties with a residing District Judge.

12 **9. Issuance of Paychecks to Employees:** Notwithstanding 101 KAR 2:095, Section 10,
13 the state payroll that would normally be scheduled to be paid on June 30, 2018, June 30, 2019,
14 and June 30, 2020, shall not be issued prior to July 1, 2018, July 1, 2019, and July 1, 2020.

15 **10. Authorized Personnel Complement:** On July 1, 2018, the Administrative Office of
16 the Courts shall establish a record for each budget unit of authorized permanent full-time and
17 other positions based upon the enacted Judicial Budget of the Commonwealth and any
18 adjustments authorized by provisions in this Act. The total number of filled permanent full-time
19 and all other positions shall not exceed the authorized complements pursuant to this section. The
20 Director of the Administrative Office of the Courts may request an increase in the number of
21 authorized positions to the Chief Justice. Upon approval, the Administrative Office of the Courts
22 may authorize the employment of individuals in addition to the authorized complement. A report
23 of the actions authorized in this section shall be provided to the Interim Joint Committee on
24 Appropriations and Revenue on a monthly basis.

25 **11. Unexpended Use Allowance:** Notwithstanding any other provision of the Kentucky
26 Revised Statutes, any General Fund moneys appropriated for use allowance payments in fiscal
27 years 2018-2019 and 2019-2020 that are not expended specifically for use allowance payments

